

**Heckmondwike Grammar School Academy Trust Limited  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2013**

**Company Registration Number:  
7348329 (England and Wales)**

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## Reference and Administrative Details

### Governors (who are also subscribers & directors)

M Pinder\* (Chairman)  
A K Atherton\*  
D Cross\*  
E Ineson\* (Chairman Finance & Resources Sub-Committee)

### Governors (who are also directors)

T Alexander\* (Resigned May 2013)  
N Barker (Appointed November 2012)  
M I Cook\* (Head Teacher and Accounting Officer)  
V P Clarke  
S Crow (Staff Governor, Resigned May 2013)  
J Longridge (Staff Governor, Appointed February 2013)  
J Donnelly  
S Doubell  
S Eakin\*  
S Hafez\*  
S Haider (Appointed November 2012)  
S Hewitt (Responsible Officer)  
J Hodgson\* (Appointed February 2013)  
M McPherson\* (Resigned May 2013)  
S Minto (Staff Governor)  
S Morris (Staff Governor)  
K Naeem  
P Nicholas  
F Rehman  
T C Riddles\*

\*members of the Finance and Resources Sub-Committee

Company Secretary J Flynn  
Clerk to the Governors J K Wilson

### Senior Leadership Team

Deputy Head Teacher S Gregson  
Deputy Head Teacher C Proud  
Deputy Head Teacher P Roberts  
Assistant Head Teacher W Allen  
Assistant Head Teacher J Barnett  
Assistant Head Teacher N Renton  
School Business Manager J Flynn

## **Heckmondwike Grammar School Academy Trust Limited**

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### **Reference and Administrative Details**

<b>Principal and Registered Office</b>	High Street HECKMONDWIKE West Yorkshire WF16 0AH
<b>Company Registration Number</b>	7348329 (England and Wales)
<b>Independent Auditor</b>	Mazars LLP The Lexicon Mount Street MANCHESTER M2 5NT
<b>Bankers:</b>	Natwest Bank PLC 2 Northgate DEWSBURY WF13 1EA
<b>Solicitors</b>	Schofield Sweeney Ltd Church Bank House Church Bank BRADFORD BD1 4DY

# Heckmondwike Grammar School Academy Trust Limited

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## Governors' Report

The Governing Body have pleasure in presenting their annual report together with the financial statements and auditors' report of the Academy Trust for the year ended 31<sup>st</sup> August 2013.

The financial statements have been prepared in accordance with the accounting policies on pages 23 to 25, and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005).

## Structure, Governance and Management

### Constitution and Principal Activities

The Academy Trust is a company limited by guarantee with no share capital (registration no. 7348329) and an exempt charity which was established on 17<sup>th</sup> August 2010. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy commenced its operations on 1<sup>st</sup> September 2010.

The governors act as the trustees for the charitable activities of Heckmondwike Grammar School Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Heckmondwike Grammar School and was established to advance, for the public benefit, education in the UK, in particular by establishing, maintaining, carrying on, managing and developing Heckmondwike Grammar School Academy Trust. Heckmondwike Grammar School Academy Trust operates in place of Heckmondwike Grammar School, a foundation school, which ceased to exist as a maintained school on 31<sup>st</sup> August 2010.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

### Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

### Directors (Governors)

The Directors are Directors of the company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation and form the Governing Body of the Academy.

Directors (Governors) serve for a term of 4 years, save that this time limit shall not apply to the Head Teacher who is the Academy Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

### Methods of Recruitment and Appointment or Election of Governors

The Members of the Trust may appoint up to ten Governors and the Local Authority may appoint one LA Governor.

Parent Governors are elected by parents of registered pupils at the school. Where a vacancy for a parent Governor exists, nominations can be sought from the parents of registered pupils at the school. Where the number nominated exceeds the number of vacancies, a secret ballot is held. If insufficient parents are nominated, the Governing Body may appoint a parent Governor.

Staff Governors are nominated by the staff employed at the school or by secret ballot if there are more nominations than vacancies. If there are insufficient nominations, the Governing Body may appoint a staff Governor from amongst the employees.

During the year under review the Governing Body held 3 meetings of the full Governing Body and a further 10 sub-committee meetings, there were 3 meetings of the Trust. The training and induction provided for new Governors is dependant on their existing experience. Where necessary, induction

### Governors' Report (continued)

provides training on charity and educational, legal and financial matters. All Governors receive child protection training.

All new Governors will be given a tour of the school and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they will need to undertake their role as Directors and Governors.

#### Organisational Structure

The management structure consists of two levels: The Governing Body and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governing Body is responsible for setting general policy, adopting an annual plan and budget, monitoring by the use of results, and budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The senior leaders are the Head Teacher, the Deputy Head Teachers, Assistant Head Teachers and Business Manager. These managers control the school at an executive level, implementing the policies laid down by the Governing Body and reporting back to them. As a group the senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Leadership Team always contain a Governor.

#### Risk Management

The Governing Body has assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operations areas of the Trust, and its finances. The key risks have been determined as:

- Health and safety issues – a student, employee or volunteer is injured;
- Recruitment risk – recruiting someone unsuitable to work with children;
- Legal risks – for example, risk that legislative requirements are not complied with e.g. Child Protection Act;
- Falling student roll – risk that the school fails to recruit sufficient students or that numbers decline;
- Financial risks – uncertainty regarding future government funding streams or Academy income expected to reduce significantly; and
- Failing to educate – for example preparing a student for the wrong syllabus.

Governors have implemented a number of systems to assess risks that the Trust faces, especially in the operations area (e.g. in relation to employment procedures, teaching and learning, health and safety, bullying and school trips) and in relation to the control of finance. They have reviewed systems, including operational procedures (e.g. vetting of new staff and visitors, security of the school grounds) and internal financial controls (see Governance statement) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the following Governance statement.

### Objectives and Activities

#### Objects and aims

The principal object and activity of the charitable company is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing the Academy, offering a broad curriculum. In setting objectives and planning activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

The main objectives of the Trust during the year ended 31<sup>st</sup> August 2013 are summarised below

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;

### **Governors' Report (continued)**

- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry and commerce, and
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

#### Objectives, Strategies and Activities

The vision for Heckmondwike Grammar School Academy Trust is for a school in which pupils feel happy and safe and are challenged and supported to achieve the highest possible academic standards. They are encouraged to participate and excel in a wide range of creative, sporting and cultural fields. They will develop the skills and qualities that will make them healthy, adaptable, responsible citizens of the future and enable them to make a profound contribution.

The values which underpin this vision include: aspiration, inclusion, lifelong learning, contribution and commitment to improvement.

The Governing Body's principal aim for the current period of their development plan is to further build on outstanding standards and achievement and the positive ethos which already exists in the school thereby creating an institution in which:

- students achieve the highest possible standards in all areas of the curriculum;
- students enjoy their learning in a safe and caring environment where they develop the qualities of adaptability, enterprise, self-reliance and responsibility in preparation for a productive and healthy life;
- well-being is outstanding and all members of the community are valued and respected and show tolerance and understanding;
- there is an ethos of continuous improvement and an appreciation of the value and satisfaction of hard work;
- the school specialisms and academy status enable it to further broaden opportunity and promote high achievement both in the school and wider community.

#### Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to ensure equal opportunity in all areas of its activities including ensuring the working environment is one in which the contribution and needs of all people are fully valued.

#### Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Academy. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

#### Public Benefit

The Trust considered the Charity Commission's guidance on Public Benefit. The main public benefit delivered by the Trust is the provision of a high quality of education to its students. This has been evidenced through the results achieved and feedback from external assessments.

Heckmondwike Grammar School is a very high performing school, and the last Ofsted report graded it outstanding in every category in November 2007. A review in 2011 indicated that performance had been sustained so Her Majesty's Chief Inspector wrote to say the school would not be subject to a routine inspection in the academic year 2011-12. This exemption continues unless Ofsted's annual desktop risk assessment suggests there is a need to visit the school.

## Governors' Report (continued)

### Achievements and Performance

The Trust is in its third year of operation and total students in the year ended 31<sup>st</sup> August 2013 were as follows:

- Years 7-11 - 779
- Years 12-13 - 568

(as at Autumn census date 13 September 2012)

The examination results for the 2012/13 academic year are summarised as follows:

#### 2013 GCSE Results

5+A*C All Subjects	100%
5+A*C Inc English and Mathematics	100%
5+A*/A	82.5%
Average points score per subject entry	51.4
Average total points score per student	745.4
Capped average points score per student	432.5

Our 160 students achieved 1921 passes at grade C or better, plus 29 short courses, an average of over 12 passes per candidate.

The quality of grades achieved was incredibly high; 90% of GCSE grades awarded were at grade B or better and 76% of these grades were either A or starred A. Particularly pleasing was that over 32 % of all the grades (almost a third) awarded were A\*. There were some outstanding individual performances:

- 131 students achieved five or more A or A\* grades, and 104 of these achieved eight or more;
- 55 students achieved 5 or more grades at A\*;
- 21 students achieved a remarkable 10 or more grades at A\*;

The quality of these grades represents one of the school's best ever performances.

#### Post 16 Results

Our 257 students achieved over 1000 A-level passes and when AS levels and the extended project are added in, this becomes an average of 5 passes per student.

There were 100% pass rates in almost all subjects and the quality of grades achieved was excellent. Excluding general studies, 88% of results were at grade C or better and 72% of these grades were either A\*, A or B.

There were some particularly impressive individual performances. 61 students achieved 3 or more grade A\* or A passes, and 35 of these achieved 4 or more grade A\* or A passes.

The number of A\* grades was higher than last year. Four students each amassed 5 A\* grades at A2, and the best performing two of these also gained A grades at AS, plus A grades in the extended project qualification and distinctions in the AQA Baccalaureate.

These superb results, which come against a background of downward pressure on grades nationally, reflect the hard work and dedication of our students and staff, and will enable the students to take their next steps with confidence.

#### Attendance

Heckmondwike Grammar School achieved an attendance level of 96.73%.



### Governors' Report (continued)

#### Other accomplishments

The school remains a place where students can gain a vast range of enriching experiences above and beyond the outstanding work done in the classroom. A host of trips and expeditions to UK and foreign destinations, musical and theatrical productions, sports and cultural activities, charity events and competitions combine with the academic curriculum to give opportunities to develop all the skills and attributes that will enable our students to make a profound contribution beyond school. This bewildering array of additionality is recorded in the school's annual magazine, *The Heckler*, a copy of which may be viewed or downloaded from the school web site. *The Heckler* runs to over 200 pages, which reflects the variety and scale of what is on offer.

Throughout the year a number of events raised money for charitable causes nominated by the school council and the total donated overall was £11,394 (2012 £14,813).

#### Support for Westborough High School

Heckmondwike Grammar School Academy Trust is a partner in the Dewsbury Learning Trust, which supports Westborough High School (WHS) in Dewsbury. WHS was a school in National Challenge but, in 2012, managed to exceed floor standards and achieve an Ofsted rating of Good. Despite having met the target set in the action plan, support from Heckmondwike Grammar School continued, including extra classes hosted at HGS for the more able science students; support for the teaching of mathematics, especially for those aiming for A and A\* grades; literacy support including sixth form reading mentors; joint training and coaching programmes for teachers; and joint practitioner-led research projects at masters level, in conjunction with the University of Huddersfield.

#### **Key Financial Performance Indicators**

Financial performance is monitored throughout the year and action is taken to ensure that:

- Actual expenditure incurred does not exceed that planned in any single financial year;
- The trust has sufficient cash on hand to meet all short and medium term financial obligations;
- A minimum revenue reserve equivalent to at least 2% of GAG is held at all times;
- 5 year financial forecasts are prepared to ensure that the Trust remains financially viable;
- No significant audit findings are reported by the Responsible Officer as a result of his work; and
- Statutory accounts are prepared and submitted in line with the timescales laid down by the Education Funding Agency.

#### **Financial Review**

##### Going concern

After making appropriate enquiries, the governing body has an expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### Financial report for the year

Most of the Trust's income is obtained from the Department for Education (DfE), via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31<sup>st</sup> August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

### **Governors' Report (continued)**

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31<sup>st</sup> August 2013, total expenditure of £8.5m was more than covered by recurrent grant funding from the EFA together with other incoming resources. The surplus of income over expenditure for the year was £395k.

At 31<sup>st</sup> August 2013, the net book value of fixed assets was £11.8m and movements in tangible fixed assets are shown in note 12 to the financial statements. The value of fixed assets includes the assets that were 'donated' by Kirklees MBC as part of the transfer agreement.

The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with the provisions of FRS 17.

### **Financial and Risk Management Objectives and Policies**

#### Principal Risks and Uncertainties

The trust members, governors and senior staff are confident that there is currently no significant risk to the future operation or success of the Academy, although there are some uncertainties about changes in funding for future years, which will reduce the amount of grant funding available to fund our educational activities. The changes fall into three categories, all of which are expected to result in reductions which will require to be anticipated and managed. These are:

- Simplification of the funding mechanism for post 16 provision;
- Rationalisation of the Local Authority Funding Formula which is currently replicated by the EFA when funding academies; and
- Reductions in LACSEG (Local Authority Central Spend Equivalent Grant).

Although these changes will be phased in and the Academy protected from dramatic funding loss in any individual year, strategies for managing the changes are being explored together with ways of achieving efficiency savings and wherever possible, generating additional income.

#### Credit, cashflow & liquidity risks

##### **Credit risk**

Credit risk arises from academy deposits with banks. Although academy deposits are currently held with one of the top four clearing banks, National Westminster Bank PLC, Governors are currently exploring options for spreading any risk across a range of financial institutions.

The Academy generates a small amount of income from lettings and levies a charge for some services to meet some of the cost of provision (e.g. music lessons) but does not generally offer credit to parents, pupils or external users of academy facilities.

### Governors' Report (continued)

#### Cashflow

As most of the activities of the Academy are funded directly by the Education Funding Agency with monthly funding allocations, there is no significant risk that it will be unable to finance its day to day operations. The Academy monitors and manages cashflow on a daily basis to ensure that it has, at all times, short term liquidity to meet all of its financial commitments.

The Academy has not entered into any capital commitments that could have an adverse impact on cashflow in the next accounting period.

#### Liquidity Risk

Given that the Academy is funded directly by Government and has significant reserves at 31<sup>st</sup> August 2013, there are considered to be no significant liquidity risks.

#### Reserves Policy

The Governors review the reserve levels of the Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trust aims to maintain a minimum reserve balance of at least 2% of General Annual Grant at all times. For 2012/13 this would equate to approximately £148k. At the year end the Trust held £1.03m.

#### Financial Position

At the end of August 2013, the Academy held fund balances of £12,229k comprising £1,032k of unrestricted funds, £11,771k of restricted fixed asset funds, £678k of restricted funds and £25k endowment funds net against a pension fund deficit of £1,277k.

#### Investment Policy

Governors seek to achieve a balance between return and investment risk to achieve a reasonable return on the funds available in any given year.

#### Plans for Future Periods

During 2013/14 we hope to realise our ambition of providing lighting to our Multi Use Games Area (MUGA) and will be carrying out repairs and developments in many areas around the site as we strive to provide only the best facilities for the benefit of pupils of the Academy.

**Governors' Report (continued)**

**Auditors**

Mazars have expressed their willingness to remain in office and a resolution proposing their reappointment will be put to the forthcoming Trustees' Meeting.

Statement on disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this annual report confirms that, in so far as the directors are aware;

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information to establish that the auditor is aware of that information.

Approved by order of the board of trustees on 5<sup>th</sup> December 2013 and signed on its behalf by:



**Malcolm Pinder**  
Chair of Trustees

## Heckmondwike Grammar School Academy Trust Limited

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### Governance Statement

#### Scope of Responsibility

As governors we acknowledge we have overall responsibility for ensuring that Heckmondwike Grammar School Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to Mr Cook, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and operate in accordance with the requirements and responsibilities assigned to it in the funding agreement between Heckmondwike Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' Responsibilities. The Governing Body has formally met three times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
M Pinder*	3	3
A K Atherton*	2	3
D Cross*	3	3
E Ineson*	2	3
T Alexander*	2	2
N Barker*	2	2
M I Cook*	3	3
V P Clarke	3	3
S Crow	1	1
J Longridge	1	2
J Donnelly	2	3
S Doubell	2	3
S Eakin*	1	3
S Hafez*	2	3
S Haider	1	2
S Hewitt	2	3
J Hodgson*	2	2
M McPherson	0	2
S Minto	3	3
S Morris	3	3
K Naeem	2	3
P Nicholas	2	3
F Rehman	1	3
T C Riddles*	3	3

\*Member of the Finance & Resources Committee

## Heckmondwike Grammar School Academy Trust Limited

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### Governance Statement (continued)

The finance and resources sub-committee is a sub-committee of the main Governing Body. Its purpose is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility;
- ensure sound management of the Academy's finances and resources including the buildings;
- ensure that the Academy undertakes proper planning, monitoring and probity;
- ensure that financial transactions give good value for money;
- make appropriate comments and recommendations on such matters to the governing body on a regular basis; and
- Major issues will be referred to the full governing body for ratification.

Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
T Alexander	4	4
A K Atherton	3	5
N Barker	2	3
M Cook	5	5
D Cross	4	5
S Eakin	3	5
S Hafez	1	1
J Hodgson	2	2
E Ineson	5	5
M Pinder	5	5
T C Riddles	4	5

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Heckmondwike Grammar School Academy Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

**Governance Statement (continued)**

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed S Hewitt, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the Finance & Resources sub-committee and then full governing body on the operation of systems of control and on the discharge of the governing body's financial responsibilities.

During the financial year ended 31 August 2013, the RO function was delivered in accordance with EFA requirements and no significant financial control issues were identified.

**Review of Effectiveness**

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- The work of the Responsible Officer;
- The work of the external auditor; and
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Sub-Committee and plans to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5<sup>th</sup> December 2013 and signed on its behalf by:



**Malcolm Pinder**  
Chair of Trustees



**Mike Cook**  
Accounting Officer

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Heckmondwike Grammar School Academy Trust I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**M Cook**  
Accounting Officer

*5 December 2013*



### Statement of Trustees' Responsibilities

The trustees (who act as governors of Heckmondwike Grammar School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 5<sup>th</sup> December 2013 and signed on its behalf by:



**Malcolm Pinder**  
Chair of Trustees

## **Heckmondwike Grammar School Academy Trust Limited**

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### **Independent auditor's report to the members of Heckmondwike Grammar School Academy Trust**

We have audited the financial statements of Heckmondwike Grammar School Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 15, the governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members as a body. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency

#### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Heckmondwike Grammar School Academy Trust Limited**

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**Independent auditor's report to the members of Heckmondwike Grammar School Academy Trust (continued)**

**Matters on which we are required to report by exception**

We report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



Janine Fox (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date *20 December 2013*

### **Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Heckmondwike Grammar School Academy Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Heckmondwike Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Heckmondwike Grammar School Academy Trust and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Heckmondwike Grammar School Academy Trust and the EFA, for our review work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of the Heckmondwike Grammar School Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Heckmondwike Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2010 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

**Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Heckmondwike Grammar School Academy Trust Limited and the Education Funding Agency (continued)**

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Janine Fox (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 20 December 2013

## Heckmondwike Grammar School Academy Trust Limited

### Statement of Financial Activities for the Year Ended 31 August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000	Total 2012 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Activities for generating funds	3	565	368	-	933	924
Investment income	4	-	20	-	20	20
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	5	-	7,635	142	7,777	8,159
<b>Total incoming resources</b>		<b>565</b>	<b>8,023</b>	<b>142</b>	<b>8,730</b>	<b>9,103</b>
<b>Resources expended</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	252	7,675	523	8,450	8,146
Governance costs	8	-	24	-	24	40
<b>Total resources expended</b>	6	<b>252</b>	<b>7,699</b>	<b>523</b>	<b>8,474</b>	<b>8,186</b>
<b>Net incoming / (outgoing) resources before transfers</b>						
Gross transfers between funds	16	313	324	(381)	256	917
		-	(187)	187	-	-
<b>Net income / (expenditure) for the year</b>		<b>313</b>	<b>137</b>	<b>(194)</b>	<b>256</b>	<b>917</b>
<b>Other recognised gains &amp; losses</b>						
Actuarial gains / (losses) on defined benefit pension schemes	16 & 24	-	139	-	139	(515)
<b>Net movement in funds</b>		<b>313</b>	<b>276</b>	<b>(194)</b>	<b>395</b>	<b>402</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2012	16	719	(850)	11,965	11,834	11,432
<b>Total funds carried forward at 31 August 2013</b>		<b>1,032</b>	<b>(574)</b>	<b>11,771</b>	<b>12,229</b>	<b>11,834</b>

All of the Academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

## Heckmondwike Grammar School Academy Trust Limited

### Balance Sheet as at 31 August 2013

Company Number 01234567

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
<b>Fixed assets</b>					
Tangible assets	12		11,771		11,965
<b>Current assets</b>					
Stock	13	4		4	
Debtors	14	185		231	
Cash at bank and in hand		1,909		1,334	
		<u>2,098</u>		<u>1,569</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(363)</u>		<u>(386)</u>	
<b>Net current assets</b>			<u>1,735</u>		<u>1,183</u>
<b>Total assets less current liabilities</b>			13,506		13,148
Pension scheme liability	24		<u>(1,277)</u>		<u>(1,314)</u>
<b>Net assets including pension liability</b>			<u>12,229</u>		<u>11,834</u>
<b>Funds of the academy trust:</b>					
<b>Endowment funds</b>	16		25		25
<b>Restricted income funds</b>					
Fixed asset fund	16	11,771		11,965	
General fund	16	571		342	
School fund	16	107		97	
Pension reserve	16	<u>(1,277)</u>		<u>(1,314)</u>	
<b>Total restricted funds</b>			11,172		11,090
<b>Unrestricted income funds</b>					
General fund	16		1,032		719
<b>Total funds</b>			<u>12,229</u>		<u>11,834</u>

The financial statements on pages 20 to 41 were approved by the trustees, and authorised for issue on 5<sup>th</sup> December 2013 and are signed on their behalf by:



**Malcolm Pinder**  
Chair of Trustees

## Heckmondwike Grammar School Academy Trust Limited

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### Cash Flow Statement for the Year Ended 31 August 2013

	Notes	2013 £000	2012 £000
<b>Net cash inflow from operating activities</b>	20	742	583
Returns on investments and servicing of finance	21	20	20
Capital expenditure	22	(187)	(277)
<b>Increase in cash in the year</b>	23	<u>575</u>	<u>326</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		1,334	1,008
<b>Net funds at 31 August 2013</b>		<u>1,909</u>	<u>1,334</u>



## Notes to the Financial Statements for the Year Ended 31 August 2013

### 1. Statement of Accounting Policies

#### Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

#### Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants Receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

- **Sponsorship Income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

- **Donations**

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

- **Interest Receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**1. Statement of Accounting Policies (continued)**

**Resources Expended**

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs relating to that activity.

- **Allocation of Costs**

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

- **Charitable Activities**

These include all expenditure directly related to the objects of the charity.

- **Governance Costs**

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for fixed assets are 15% and 20% per annum. Depreciation has been charged on Buildings at 2% and 10% per annum straight line. Land is not depreciated.

**Stock**

Unused catering stores are valued at the lower of cost or net realisable value.

**Leased Assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**1. Statement of Accounting Policies (continued)**

**Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Pensions**

Academy staff are members of one of two pension schemes, both are defined benefit schemes. More details of the schemes are given in note 24.

**Defined Benefit Schemes**

**Teachers' Pension Scheme**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and Skills. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

**Local Government Pension Scheme**

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**Fund Accounting**

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Restricted funds comprise grants from the EFA and other donors which are to be used for specific purposes as explained in note 16.

## Heckmondwike Grammar School Academy Trust Limited

### Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

#### 2. General Annual Grant (GAG)

Under the funding agreement drawn up with the Secretary of State on conversion to academy status in 2010, the academy trust was subject to limits on the amount of GAG that could be carried forward from one year to the next. In January 2013, this restriction was removed such that the academy may now carry forward an unlimited amount of General Annual Grant (GAG).

#### 3. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	21	-	21	20
Catering income	376	-	376	385
Other income	168	368	536	519
	565	368	933	924

#### 4. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Short term deposits	-	20	20	20
	-	20	20	20

#### 5. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>DfE / EFA grants</b>				
General Annual Grant (GAG) (Note 2)	-	7,384	7,384	7,281
Capital Grants	-	142	142	722
Other DfE / EFA grants	-	197	197	53
	-	7,723	7,723	8,056
<b>Other Government grants</b>				
Local authority grants	-	48	48	6
Other	-	6	6	97
	-	54	54	103

## Heckmondwike Grammar School Academy Trust Limited

### Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

#### 6. Resources Expended

	Staff costs £000	Non Pay Expenditure Premises £000	Other costs £000	Total £000	Total £000
Costs of activities for generating funds Academy's educational operations					
Direct costs	5,085	523	1,048	6,656	6,520
Allocated support costs	1,041	388	365	1,794	1,626
	<u>6,126</u>	<u>911</u>	<u>1,413</u>	<u>8,450</u>	<u>8,146</u>
Governance costs including allocated support costs	-	-	24	24	40
	<u>6,126</u>	<u>911</u>	<u>1,437</u>	<u>8,474</u>	<u>8,186</u>

#### Incoming / outgoing resources for the year include:

	2013 £000	2012 £000
Operating leases	31	26
Fees payable to		
- auditor	9	16
- other services	8	10
	<u>8</u>	<u>10</u>

Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)

7. Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching and educational support				
staff costs	-	5,085	5,085	5,065
Depreciation	-	523	523	468
Technology costs	-	28	28	84
Educational supplies	-	239	239	244
Examination fees	-	235	235	221
Staff development	-	21	21	18
School fund	-	358	358	387
Other direct costs	-	167	167	33
	<u>-</u>	<u>6,656</u>	<u>6,656</u>	<u>6,520</u>
<b>Allocated support costs</b>				
Support staff costs	-	1,041	1,041	967
Administration costs	-	113	113	148
Equipment costs	-	14	14	37
Maintenance of premises & equipment	-	61	61	(21)
Other premises costs	-	66	66	59
Rent & rates	-	45	45	45
Energy costs	-	120	120	109
Insurance	-	58	58	56
Security & transport	-	24	24	14
Catering	252	-	252	212
	<u>252</u>	<u>1,542</u>	<u>1,794</u>	<u>1,626</u>

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**8. Governance Costs**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Legal & professional fees	-	13	13	14
Auditors' remuneration				
- audit of financial statements	-	3	3	16
- other audit costs	-	8	8	10
	<u>-</u>	<u>24</u>	<u>24</u>	<u>40</u>

**9. Staff costs**

Staff costs during the period were:

	<b>2013 £000</b>	<b>2012 £000</b>
Wages and salaries	4,913	4,910
Social security costs	363	370
Pension costs	778	713
	<u>6,054</u>	<u>5,993</u>
Supply teacher costs	72	39
	<u>6,126</u>	<u>6,032</u>

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	<b>2013 No</b>	<b>2012 No</b>
<b>Charitable activities</b>		
Teachers	81	83
Administration & support	67	64
Management	8	8
	<u>156</u>	<u>155</u>

The number of employees whose emoluments fell within the following bands were:

	<b>2013 No</b>	<b>2012 No</b>
£60,001 - £70,000	3	3
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2013, pension contributions for these staff amounted to £39,376 (2012: £39,521).

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**10. Related Party Transactions – Directors’ Remuneration & Expenses**

The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. The value of governors’ remuneration was as follows:

M Cook (principal and director):	£90k to £95k
S Morris (staff governor and director):	£45k to £50k
S Crow (staff governor and director):	£30k to £35k (resigned as governor May 2013)
J Longridge (staff governor and director):	£20k to £25k (appointed as governor March 2013)
S Minto (staff governor and director):	£25k to £30k

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to governors (2012 also £NIL).

There are no related party transactions involving the trustees.

**11. Governors’ and Officers’ Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £139 (2012: £1,215). The cost of this insurance is included in the total insurance cost.

**12. Tangible Fixed Assets**

	Freehold land & buildings £000	Leasehold land & buildings £000	Furniture & equipment £000	Computer equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 Sep 2012	12,324	-	261	264	-	12,849
Additions	180	-	32	117	-	329
Disposals	-	-	-	(5)	-	(5)
At 31 Aug 2013	<u>12,504</u>	-	<u>293</u>	<u>376</u>	-	<u>13,173</u>
<b>Depreciation</b>						
At 1 Sep 2012	775	-	41	68	-	884
Charged in year	423	-	40	60	-	523
Disposals	-	-	-	(5)	-	(5)
At 31 Aug 2013	<u>1,198</u>	-	<u>81</u>	<u>123</u>	-	<u>1,402</u>
<b>Net book values</b>						
At 31 Aug 2013	<u>11,306</u>	-	<u>212</u>	<u>253</u>	-	<u>11,771</u>
At 31 Aug 2012	<u>11,549</u>	-	<u>220</u>	<u>196</u>	-	<u>11,965</u>



## Heckmondwike Grammar School Academy Trust Limited

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### Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

#### 13. Stock

	2013 £000	2012 £000
Catering	4	4
	<u>4</u>	<u>4</u>

#### 14. Debtors

	2013 £000	2012 £000
Other debtors	109	186
Prepayments and accrued income	76	45
	<u>185</u>	<u>231</u>

#### 15. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	117	60
Taxation and social security	105	109
Other creditors	35	7
Accruals and deferred income	106	210
	<u>363</u>	<u>386</u>

	2013 £000
<b>Deferred income</b>	
Deferred income at 1 September 2012	75
Resources deferred in the year	57
Amounts released from previous years	(75)
	<u>57</u>
Deferred income at 31 August 2013	

At the balance sheet date the academy trust was holding funds received in advance for school trips and lettings booked for 2013/14.

## Heckmondwike Grammar School Academy Trust Limited

### Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

#### 16. Funds

	Balance at 1 Sep 12 £000	Incoming Resources £000	Resources Expended £000	Gains, losses & transfers £000	Balance at 31 Aug 13 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	322	7,384	(6,988)	(187)	531
Other restricted	20	20	-	-	40
School funds	97	368	(358)	-	107
Pension reserve	(1,314)	-	(102)	139	(1,277)
Other DfE/EFA grants	-	197	(197)	-	-
EA and other grants	-	54	(54)	-	-
	(875)	8,023	(7,699)	(48)	(599)
<b>Restricted fixed asset funds</b>					
Inherited assets	11,176	-	(523)	187	10,840
DfE / EFA capital grants	789	142	-	-	931
	11,965	142	(523)	187	11,771
<b>Total restricted funds</b>	<b>11,090</b>	<b>8,165</b>	<b>(8,222)</b>	<b>139</b>	<b>11,172</b>
<b>Unrestricted funds</b>					
Unrestricted funds	719	565	(252)	-	1,032
<b>Total unrestricted funds</b>	<b>719</b>	<b>565</b>	<b>(252)</b>	<b>-</b>	<b>1,032</b>
Endowment funds	25	-	-	-	25
<b>Total funds</b>	<b>11,834</b>	<b>8,730</b>	<b>(8,474)</b>	<b>139</b>	<b>12,229</b>

The specific purposes for which the funds are to be applied are as outlined above.

Under the funding agreement with the Secretary of State, the academy trust is no longer subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**17. Analysis of net assets between funds**

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	11,771	11,771
Current assets	1,032	703	-	1,735
Current liabilities				
Pension scheme liability	-	(1,277)	-	(1,277)
<b>Total net assets</b>	<b>1,032</b>	<b>(574)</b>	<b>11,771</b>	<b>12,229</b>

**18. Financial commitments**

At 31 August 2013 the Academy trust had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
<b>Other</b>		
Expiring within one year	15	5
Expiring within one and two years inclusive	-	17
Expiring within two and five years inclusive	22	4
	<b>37</b>	<b>26</b>

Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)

19. Reconciliation of net income to net cash inflow from operating activities

	2013 £000	2012 £000
Net income	395	402
Depreciation (Note 12)	523	468
Capital grants from DfE and other capital income	(142)	(722)
Interest receivable (Note 4)	(20)	(20)
FRS 17 (gain) / loss	(139)	515
FRS 17 pension cost less contributions payable (Note 24)	100	48
FRS 17 pension finance income (Note 24)	2	9
(Increase) / decrease in stocks	-	(1)
Decrease in debtors	46	17
Decrease in creditors	(23)	(133)
<b>Net cash inflow from operating activities</b>	<b>742</b>	<b>583</b>

20. Returns on investments and servicing of finance

	2013 £000	2012 £000
Interest received	20	20
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>20</b>	<b>20</b>

21. Capital expenditure and financial investment

	2013 £000	2012 £000
Purchase of tangible fixed assets	(329)	(999)
Capital grants from DfE / EFA	142	722
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(187)</b>	<b>(277)</b>

22. Analysis of changes in net funds

	At 1 Sep 12 £000	Cash flows £000	At 31 Aug 13 £000
Cash in hand and at bank	1,334	575	1,909

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**23. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**24. Pension and similar obligations**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by City of Bradford Metropolitan District Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £21,473 (2012: £19,605) were payable to the schemes at 31 August and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24 . Pension and similar obligations (continued)**

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24 . Pension and similar obligations (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24 . Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £255,000 (2012 - £251,000), of which employer's contributions totalled £183,000 (2012 - £180,000) and employees' contributions totalled £72,000 (2012 - £71,000). The agreed contribution rates for future years are 14.7 per cent for employers and 6.4 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

<b>Principal actuarial assumptions</b>	<b>At 31 Aug 13</b>	<b>At 31 Aug 12</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.7	4.7
Rate of increase for pensions in payment / inflation	2.8	2.2
Discount rate for scheme liabilities	4.5	4.2
Inflation assumption (CPI)	2.8	2.2
Commutation of pensions to lump sums	50	50

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>At 31 Aug 13</b>	<b>At 31 Aug 12</b>
	<b>%</b>	<b>%</b>
<i>Retiring today</i>		
Males	22.1	22.0
Females	24.3	24.1
 <i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.2	26.1



**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24. Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 Aug 13	Fair value at 31 Aug 13 £000	Expected return at 31 Aug 12	Fair value at 31 Aug 12 £000
Equities	7.9%	2,370	7.5%	1,863
Bonds	3.8%	555	2.9%	507
Property	7.4%	97	7.0%	96
Cash	0.9%	123	1.3%	75
Other	7.9%	101	7.5%	125
<b>Total market value of assets</b>		<b>3,246</b>		<b>2,666</b>
Present value of scheme liabilities				
Funded		<b>(4,523)</b>		<b>(3,980)</b>
<b>Surplus / (deficit) in the scheme</b>		<b>(1,277)</b>		<b>(1,314)</b>

The actual return on scheme assets was £371,000 (2012: £194,000).

**Amounts recognised in the statement of financial activities**

	2013 £000	2012 £000
Current service cost (net of employee contributions)	283	228
Past service cost	-	-
<b>Total operating charge</b>	<b>283</b>	<b>228</b>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	(172)	(159)
Interest on pension liabilities	174	168
<b>Pension finance income / (costs)</b>	<b>2</b>	<b>9</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £239,000 loss (2012: £378,000 loss).

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24 . Pension and similar obligations (continued)**

**Local Government Pension Scheme**

**Movements in the present value of defined benefit obligations were as follows:**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>3,980</b>	2,981
Current service cost	<b>283</b>	228
Interest cost	<b>174</b>	168
Employee contributions	<b>72</b>	71
Actuarial (gain) / loss	<b>60</b>	550
Benefits paid	<b>(46)</b>	(18)
Past service cost	-	-
Curtailments and settlements	-	-
<b>At 31 August</b>	<b>4,523</b>	3,980

**Movements in the fair value of the Academy's share of scheme assets:**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>2,666</b>	2,239
Expected return on assets	<b>172</b>	159
Actuarial gain / (loss)	<b>199</b>	35
Employer contributions	<b>183</b>	180
Employee contributions	<b>72</b>	71
Benefits paid	<b>(46)</b>	(18)
<b>At 31 August</b>	<b>3,246</b>	2,666

The estimated value of employer contributions for the year ended 31 August 2014 is £191,000.

**Notes to the Financial Statements for the Year Ended 31 August 2013  
(continued)**

**24. Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The five-year history of experience adjustments is as follows:

	<b>2013 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Present value of defined benefit obligations</b>	<b>(4,523)</b>	<b>(3,980)</b>	<b>(2,981)</b>
<b>Fair value of share of scheme assets</b>	<b>3,246</b>	<b>2,666</b>	<b>2,239</b>
<b>Deficit in scheme</b>	<b>(1,277)</b>	<b>(1,314)</b>	<b>(742)</b>
<b>Experience adjustments on share of scheme assets</b>	<b>199</b>	<b>35</b>	<b>12</b>
<b>Experience adjustments on share of scheme liabilities</b>	<b>(37)</b>	<b>572</b>	<b>-</b>

**25. Related party transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.